

Council on Postsecondary Education  
January 31, 2005

## 2004-06 Budget Recommendation

*The Council's budget recommendation for FY 2004-06 included funding necessary to maintain progress toward the goals of House Bill 1. The agenda item details amounts still needed to fund the Council's original recommendations.*

Action: The staff recommends that the Council urge the General Assembly to pass a budget providing sufficient funding to maintain postsecondary education's progress toward House Bill 1 goals and objectives.

As the General Assembly begins the 2005 legislative session, it is the Council's recommendation that consideration be given to the FY 2004-06 budget recommendation approved in November 2003. The Council wishes to reiterate the funding needs that still exist and urge the General Assembly to pass a budget that provides sufficient funding to maintain progress toward postsecondary education reform goals of House Bill 1.

The following analyses are attached:

- Attachment A - Executive summary of FY 2004-06 Council on Postsecondary Education budget recommendations and amounts needed above the Senate version (2004) to fully fund.
- Attachment B - Detailed budget comparison table.
- Attachment C - Detailed capital projects comparison table.

**Comparison of FY 2004-06 Council on Postsecondary Education  
Budget Recommendations  
Summary of Amounts needed to fund FY 2004-06 CPE Recommendations**

**The FY 2004-06 Council on Postsecondary Education budget recommendation priorities and amounts needed to fully fund recommendations (amounts are General Funds above the senate version for FY 2005-06 in April of 2004):**

Priority 1 – Benchmark Funding (\$127.2M)

Priority 2 – Trust Funds (\$26.3M)

Research Challenge Trust Fund - Programs of National Prominence (\$6M)

Regional University Excellence - Regional Stewardship (\$6M)

Adult Education (\$1M)

Technology Initiative (\$1.5M)

Science and Technology (\$1.8M)

Enrollment Growth and Productivity (\$10M)

Priority 3 – Physical Facilities Trust Fund (\$21.5M)

Priority 4 – Endowment Match Program (\$61M)

Research Challenge (\$50M)

Regional University Excellence (\$10M)

Workforce Development (\$1M)

Priority 5 – Council on Postsecondary Education Operations (\$1.9M)

**COMMONWEALTH OF KENTUCKY POSTSECONDARY EDUCATION**  
**2004-06 SENATE BUDGET RECOMMENDATION - STATE GENERAL FUND APPROPRIATIONS**

PRIORITIES		*Revised FY 2003-04	FY 2005-06				Difference CPE & Senate
			Council Recommendation	**Executive Recommendation	Senate Recommendation		
Postsecondary Education Institutions							
	EKU	\$ 71,448,100	\$ 82,498,400	\$ 72,888,300	\$ 72,888,300	\$	(9,610,100)
	KCTCS	184,747,600	209,048,200	181,315,700	181,315,700		(27,732,500)
	KSU	22,286,600	23,590,700	23,296,000	23,296,000		(294,700)
	MOSU	41,599,300	48,625,300	41,806,700	41,806,700		(6,818,600)
	MUSU	50,179,100	57,891,600	51,434,200	51,434,200		(6,457,400)
	NKU	45,127,300	56,200,900	45,823,600	45,823,600		(10,377,300)
	UK	293,541,000	320,536,700	297,803,600	298,063,400		(22,473,300)
	LCC	9,054,500	11,196,900	9,060,600	9,060,600		(2,136,300)
	U of L	171,859,400	195,544,400	174,188,800	174,188,800		(21,355,600)
	WKU	68,811,500	87,362,600	70,348,900	70,348,900		(17,013,700)
	Special Initiatives Funding Program	-	2,926,600	-			(2,926,600)
1	Total Postsecondary Education Institutions	\$ 958,654,400	\$ 1,095,422,300	\$ 967,966,400	\$ 968,226,200	\$	(127,196,100)
Council on Postsecondary Education							
5	Total CPE Operations	\$ 10,471,300	\$ 12,406,800	\$ 10,540,700	\$ 10,540,700	\$	(1,866,100)
	Pass-Through Programs	\$ 4,679,400	\$ 5,906,800	\$ 9,789,000	\$ 10,337,900	\$	4,431,100
	Total Pass-Through	\$ 4,679,400	\$ 5,906,800	\$ 9,789,000	\$ 10,337,900	\$	4,431,100
	Regional University Excellence Trust Fund--Regional Stewardship Initiative		6,000,000	-	-		(6,000,000)
	Research Challenge Trust Fund---Programs of National Prominence		6,000,000	-			(6,000,000)
2	Technology Initiative Trust Fund	\$ 2,050,500	\$ 3,515,000	\$ 2,050,500	\$ 2,050,500	\$	(1,464,500)
	*** Adult Ed. and Literacy Funding Program	\$ 19,026,000	\$ 20,552,300	\$ 19,526,000	\$ 19,526,000	\$	(1,026,300)
	Science and Tech. Funding Program	\$ 8,490,900	\$ 10,771,600	\$ 9,005,900	\$ 9,005,900	\$	(1,765,700)
	Enroll. Growth and Prod. Funding Program	\$ -	\$ 10,000,000	\$ -		\$	(10,000,000)
3	**** Physical Facilities Trust Fund	\$ -	\$ 39,217,000	\$ 22,389,000	\$ 17,728,500	\$	(21,488,500)
	Total Strtgc Invest. & Incent. Trst. Fnds. (recur. funds)	\$ 29,567,400	\$ 96,055,900	\$ 52,971,400	\$ 48,310,900	\$	(47,745,000)
	Total Postsecondary Ed. (Recurring GF)	\$ 1,003,372,500	\$ 1,209,791,800	\$ 1,041,267,500	\$ 1,037,415,700	\$	(172,376,100)

\* Revised FY 2004 General Fund appropriation figures are adjusted to reflect only recurring General Fund reductions.

\*\* Executive Budget figures have been revised to reflect technical amendments to the Executive Budget.

\*\*\* Purple Card figures for the Council Recommendation in FY 05 and FY 06 contained continuing appropriations which are excluded in this display.

\*\*\*\* House Budget figures for the Physical Facilities Trust Fund are required to lapse at the end of FY 06 and are unavailable for expenditure.



**PRIORITIES**

**Revised  
FY 2003-04**

**FY 2005-06**

**Council  
Recommendation**

**Executive  
Recommendation**

**Senate  
Recommendation**

**Difference  
CPE & Senate**

**Programs Funded Through Nonrecurring Funds**

**Strategic Investment and Incentive Funding Program**

Research Challenge Trust Fund												
	Endowment Match Program	\$	9,871,000	(1)	\$	50,000,000	\$	3,815,000	\$	1,907,500	\$	(48,092,500)
Total Research Challenge Trust Fund		\$	9,871,000		\$	50,000,000	\$	3,815,000	\$	1,907,500	\$	(48,092,500)
Regional University Excellence Trust Fund												
4	Endowment Match Program	\$	1,975,000	(1)	\$	10,000,000	\$	-		\$		(10,000,000)
	Total Reg. University Excellence Trust Fund	\$	1,975,000		\$	10,000,000	\$	-		\$		(10,000,000)
Workforce Development Trust Fund												
	Endowment Match Program	\$	-		\$	1,000,000	\$	-		\$		(1,000,000)
Total Workforce Development Trust Fund		\$	-		\$	1,000,000	\$	-		\$		(1,000,000)

**Programs Funded Through Other Fund Sources**

	Lung Cancer/Ovarian Cancer Research [Tobacco Settlement Funds]	\$	5,455,000		\$	5,736,200	\$	5,421,300	\$	5,421,300		(314,900)
<b>*</b>	KHEAA Need-Based Fin. Aid Prog. (CAP & KTG) [Lottery Proceeds]	<b>\$</b>	<b>65,720,600</b>		<b>\$</b>	<b>79,915,000</b>	<b>\$</b>	<b>79,915,000</b>	<b>\$</b>	<b>79,915,000</b>	<b>\$</b>	<b>-</b>
	Student Fin. Aid and Advan. Trst Fnd-KEES [Lottery Proceeds]	\$	68,320,000		\$	65,385,000	\$	65,385,000	\$	65,385,000		-
	Off Camp. Teach. Ctr-Trovrr Clin. Found. [Coal Severance Tax]	\$	1,000,000		\$	1,102,500	\$	1,000,000	\$	1,000,000		(102,500)

1 This is debt service to fund total project scope (\$100 million for Research Challenge and \$20 million for Regional University Excellence)--2005-06 request is General Fund nonrecurring increase instead of debt service request for bonds.

\* The Council considers student financial aid to be a high priority; especially KHEAA need-based aid and even though KHEAA's funding request is not part of CPE's budget recommendation responsibilities, funding for need based aid is a priority for the Council.

**Postsecondary Education Capital Project Recommendations**  
**State General Fund**  
**2004-06**

Updated: November 5, 2004

	Council Recommendation			
	Project Scope	Bonds or State Funds	Agency Bonds or Inst. Funds	Annual Cost of Debt Service (1)
<b>Research Space</b>				
<b>University of Kentucky</b>				
Construct Biological/Pharmaceutical Complex	\$ 119,892,000	\$ 71,935,200	\$ 47,956,800	\$ 6,858,000
<b>University of Louisville</b>				
Health Science Campus Research Facilities Phase III	98,000,000	58,800,000	39,200,000	5,606,000
<b>Total Research Space</b>	<b>\$ 217,892,000</b>	<b>\$ 130,735,200</b>	<b>\$ 87,156,800</b>	<b>\$ 12,464,000</b>
<b>New Construction</b>				
<b>KCTCS</b>				
Ashland TC Regional Postsecondary Ed. Center Phase I	28,690,000	28,690,000		2,736,000
Owensboro CC Advanced Technology Center Phase II	24,088,000	24,088,000		2,297,000
Madisonville CC Technology Building Phase I	12,500,000	12,500,000		1,193,000
Franklin/Simpson Technology Center	11,984,000	11,984,000		1,143,000
Henderson CC Tri-County Technical Center (1)	13,066,000	13,066,000		1,246,000
<b>Total KCTCS</b>	<b>90,328,000</b>	<b>90,328,000</b>	-	<b>\$8,615,000</b>
<b>UK Lexington Community College</b>				
Construct LCC Classroom/Class Lab Building	28,855,000	28,855,000		2,751,000
<b>Eastern Kentucky University</b>				
Construct Business/Technology Center Phase II	32,850,000	32,850,000		3,132,000
Construct Manchester Postsecondary Ed. Center Phase I (1)	10,000,000	10,000,000		953,000
<b>Morehead State University</b>				
Construct MoSU-NASA Space Science Center	12,200,000	12,200,000		1,164,000
<b>Total New Construction</b>	<b>\$ 174,233,000</b>	<b>\$ 174,233,000</b>	<b>\$ -</b>	<b>\$ 16,615,000</b>

	Council Recommendation			
	Project Scope	Bonds or State Funds	Agency Bonds or Inst. Funds	Annual Cost of Debt Service (1)
<b><i>KCTCS - Renovations and Repairs</i></b>				
	Somerset Renovate Aircraft Maintenance Lab	1,468,000	1,468,000	145,000
	Prestonsburg/Mayo Renovate District Facilities (1)	5,626,000	5,626,000	539,000
<b><i>Comprehensive Universities - Renovation and Repairs</i></b>				
<b>Kentucky State University</b>				
	Renovate Hathaway Hall Classroom Building	11,200,000	11,200,000	1,068,000
<b>Murray State University</b>				
	Blackburn Science Replacement - Phase II	22,250,000	22,250,000	2,121,000
<b>Northern Kentucky University</b>				
	Old Science Building Renovation (1)	17,700,000	17,700,000	1,688,000
<b>Western Kentucky University</b>				
	Thompson Sc. Complex Repl./Renov. - Phase II	33,000,000	33,000,000	3,146,000
	<b><i>Total Renovations and Repairs</i></b>	<b>\$ 91,244,000</b>	<b>\$ 91,244,000</b>	<b>\$ -</b>
<b><i>Systemwide Capital Pools (Matching)</i></b>				
	Capital Renewal and Maintenance Pool (matching)	15,000,000	15,000,000	1,431,000
	<b><i>System Total</i></b>	<b>\$498,369,000</b>	<b>\$411,212,200</b>	<b>\$87,156,800</b>
				<b>\$39,217,000</b>

Notes:

1. Annual cost of debt service without reserve.
2. CPE Special Request to renovate KSU Young Hall dormitory: Total bond authority of \$9.9 million with \$5,338,440 of state bonds (DS cost is \$569,160) and \$4,847,560 of agency bonds (DS cost is \$484,840).